

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1411 Main Street, Suite 300
Columbia, SC 29201



Phone: (803) 737-0800
Fax: (803) 737-0801

186821
DAN F. ARNETT
CHIEF OF STAFF

JOHN W. FLITTER
DIRECTOR
ELECTRIC & GAS REGULATION

July 17, 2006

Charles L. A. Terreni, Esq.
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Application for Approval of Electric Service Contract between South Carolina Electric & Gas Company ("SCE&G") and Grant Allendale, Inc. ("Grant Allendale")
Docket No. 2006-186-E

Dear Mr. Terreni:

This is to acknowledge that the Office of Regulatory Staff ("ORS") has met with SCE&G representatives, reviewed the above referenced filing, and based upon the information provided ORS has no objections to the proposed electric service contract between SCE&G and Grant Allendale.

The contract was executed under SCE&G's economic development program. The Grant Allendale facility will be located in Allendale County, South Carolina and will manufacture engineered wood products. The Grant Allendale facility is expected to create 120 jobs from an investment of \$200 million. This facility could have a "ripple effect" on economic growth in this rural area, as well as the state of South Carolina.

If the Commission approves this request, ORS would recommend including a provision to require SCE&G to track any resulting foregone revenue and reserve the appropriate ratemaking treatment related to any foregone revenues for a future rate proceeding or review as determined by the Commission.

Thank you for the opportunity to provide our comments in this matter.

Sincerely yours,

John W. Flitter

JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Florence Belser, General Counsel, SC ORS
Nanette Edwards, Deputy General Counsel, SC ORS
Peter Lynch, VP Grant Allendale Inc.
Patricia Banks Morrison, Senior Counsel, SCANA
Dr. James Spearman, Executive Assistant, SC PSC